

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-12-C - ORDER NO. 2004-48
FEBRUARY 3, 2004

IN RE: Application of Gold Line Telemanagement, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Interexchange Telecommunications Services within the State of South Carolina and for Modified Alternative Regulation.) ORDER) GRANTING) CERTIFICATE FOR) INTEREXCHANGE) AUTHORITY AND) MODIFIED) ALTERNATIVE) REGULATION	✓ RNG
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Gold Line Telemanagement, Inc. ("Gold Line" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2003) and the general regulatory authority of the Commission. By its Application, Gold Line also requests alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and requested waiver of certain Commission regulations.

The Commission's Executive Director instructed Gold Line to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by

the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Gold Line and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Gold Line complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on January 21, 2004, at 2:30 p.m. in the Commission's Hearing Room, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. Gold Line was represented by Scott Elliott, Esquire. Jocelyn Boyd, Esquire, represented the Commission Staff.

Carmine Toucci, Vice President of Sales and Marketing for Gold Line, appeared and testified in support of the Application. The record reveals that Gold Line is incorporated and headquartered in the Province of Ontario, Canada and registered to transact business in South Carolina as a foreign corporation. According to Mr. Toucci, Gold Line proposes to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and to offer a wide range of "1+" direct dialed interexchange telecommunications services on a resale basis.

Specifically, Gold Line seeks authority to provide MTS, out-WATS, in-WATS services, flat rate service, and travel cards. A substantial portion of Gold Line's business includes the sale of prepaid calling cards in the U.S., Canada, and Europe. Gold Line's services will be provided to both residential and business customers and will be offered twenty-four hours per day, seven days a week. Customer support is contracted by Gold Line through TeleResolve, Inc. which will provide customer support to Gold Line

customers on a seven day a week, 24-hour per day basis. The Company is currently the largest seller of prepaid calling cards in Canada and has begun test marketing its products in the State of California. Gold Line has begun its marketing in the United States through direct marketing by television advertisements. The President and CEO of Gold Line is Mr. Neda Moeini, a native of Iran and current resident of Canada, and Gold Line's initial target market in the U.S. will be Iranian communities in this country. The Company does own its own switches and transmission facilities in Canada and currently operates the largest prepaid switch platform in North America. Despite the fact that Gold Line operates its own switches, the Company neither owns nor operates any facilities in the State of South Carolina and therefore seeks licensing as a non-facilities based reseller. Mr. Toucci explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures.

Mr. Toucci also discussed Gold Line's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Toucci offered that Gold Line possesses sufficient financial resources to support its operations in South Carolina. A review of the financial documents submitted as an exhibit to the Application reveals a healthy current ratio. With regard to management and technical capabilities, Mr. Toucci testified that Gold Line is currently licensed to provide telecommunications services in 45 states. The Company has not been denied a license in any of the states in which it has applied, has had no licenses revoked in any jurisdictions, nor has it been the subject of any investigations by any governmental regulatory agencies. The Company's Application and Mr. Toucci's testimony both evidence that Gold Line's

management team has extensive experience in both marketing and communications. Mr. Toucci also testified that Gold Line will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. Toucci offered that approval of Gold Line's Application would serve the public interest by increasing the level of long distance competition in South Carolina, by providing a high-quality alternative of long distance service, and by increasing consumer awareness of options and services available, thus encouraging the growth and success of competitive services.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Gold Line is organized as a corporation under the laws of the Province of Ontario, Canada. The Company is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Gold Line is currently licensed to operate as a telecommunications reseller in all of the United States except South Carolina and Alaska. The Company is currently only test marketing in the United States in the State of California with prepaid phone cards and prepaid long distance services but plans to soon commence operations in all states except Alaska. Gold Line has no reported record of violations of regulatory laws or regulations in the jurisdictions in which it is currently operating.

3. Gold Line desires to operate as a reseller of interexchange telecommunications services in South Carolina.

4. We find that Gold Line, and Mr. Toucci in particular, possess the managerial experience and capability to operate as a non-facilities based reseller of interexchange services in South Carolina.

5. We further find, based on the financial records and balance sheets submitted by the Company, that Gold Line possesses sufficient financial resources to provide the services as described in its Application.

6. We finally find that the issuance of a Certificate of Public Convenience and Necessity to Gold Line to operate as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by increasing the level of long distance competition in South Carolina, by providing an alternative of long distance service, and by increasing consumer awareness of options and services available, thereby encouraging growth and success of competitive services.

CONCLUSIONS OF LAW

1. The Commission concludes that Gold Line possesses the managerial, technical, and financial resources to provide the interexchange telecommunications services as described in its Application.

2. The Commission concludes that Gold Line will participate in the support of universally available telephone service at affordable rates to the extent that Gold Line may be required to do so by the Commission.

3. The Commission concludes that Gold Line will provide services which will meet the service standards of the Commission.

4. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by Gold Line, and as set forth in its Application, is in the best interests of the citizens of the State of South Carolina.

5. The Commission concludes that approval of Gold Line's Application to provide intrastate interexchange telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

6. The Commission concludes that the provision of interexchange telecommunications services by Gold Line will not adversely impact the public interest.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Gold Line to provide intrastate interexchange service via resale.

8. The Commission concludes that Gold Line's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the

competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Gold Line to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of any services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Gold Line for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Gold Line shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Gold Line shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2003).

4. With respect to Gold Line's business services, consumer card, and operator service offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket

No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Gold Line also. These alternative regulation orders were modified by Order No. 2001-997 in Docket No. 2000-407-C which imposed a cap on operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider.

Pursuant to Order No. 2001-997, this Commission modified the alternative regulation by the re-imposition of rate caps with regard to certain operator assisted calls where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a minimum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. The re-imposition of rate caps for certain operator assisted calls has led to alternative regulation now being known as "modified alternative regulation." The provisions of Order No. 2001-997 and the modification contained therein also apply to Gold Line.

5. If it has not already done so by the date of issuance of this Order, Gold Line shall file its revised tariff and an accompanying price list within thirty (30) days of

receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. Gold Line is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. Gold Line shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Gold Line changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, Gold Line shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Gold Line shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

10. Gold Line shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and

the gross receipt report will necessitate the filing of intrastate information. Therefore, Gold Line shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp. The title of this form is "Annual Report for Interexchange Companies." This form shall be utilized by the Company to file annual financial information with the Commission and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission no later than **October 1st** of each year. The proper form for filing gross receipts information can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp, and the appropriate form is entitled "Gross Receipts for Utility Companies."

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Gold Line shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/reference/forms.asp; this form shall be utilized for the provision of

this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. At the hearing, Gold Line requested a waiver of 26 Code Regs. 103-610 (1996), which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The record reveals that Gold Line's principal headquarters will be located at 180 West Beaver Creek Rd., Richmond Hill, Ontario, Canada, and Gold Line requests permission to maintain its books and records at its headquarters in that city and province. The Commission finds Gold Line's requested waiver reasonable and understands the difficulty presented to Gold Line should the waiver not be granted. The Commission therefore grants the requested waiver that Gold Line be allowed to maintain its books and records at its principal headquarters. However, Gold Line shall make available its books and records at all reasonable times upon request by the Commission or the Commission Staff, and Gold Line shall promptly notify the Commission if the location of its books and records changes.

14. Gold Line also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Gold Line maintains its book of accounts in accordance with Generally Accepted Accounting Principles (GAAP). GAAP is used extensively by

interexchange carriers. Moreover, Gold Line asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Gold Line's operations and assess its financial fitness. Accordingly, Gold Line hereby requests an exemption from the USOA requirements. We grant the Company's request for the reasons stated above.

15. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

16. As a condition of offering prepaid card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn, Chairman

ATTEST:



Bruce F. Duke, Executive Director

(SEAL)